

SENATE BILL 1913

By Atchley

AN ACT to amend Tennessee Code Annotated, Title 55 and Title 67, relative to the taxation of certain motor vehicles.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-5-901(a)(3)(A), is amended by adding after the words "have no value," the following:

, except for vehicles taxed under the provisions of this act.

SECTION 2. Tennessee Code Annotated, Title 67, Chapter 5, Part 9, is amended by adding the following new section:

Section 67-5-905 (a). As used in this section unless the context clearly requires otherwise:

- (1) "Commissioner" means the commissioner of safety;
- (2) "Department" means the department of safety;
- (3) "Motor vehicle" has the same meaning as defined in Section 55-1-

103.

(b) Notwithstanding the specific provisions of Sections 67-5-902 through 67-5-904, motor vehicles required to be registered under Title 55, and for which a fee is paid under Title 55, Chapter 4, shall be taxed as tangible personal property assessed at five percent (5%) of such vehicle's current average or trade-in value.

(c) The rate of the tax is twenty percent (20%) of the five percent (5%) assessed value of the vehicle, which will equal one percent (1%) of the actual value of the vehicle, but there shall be a minimum tax of twenty-five dollars (\$25.00) on each vehicle, regardless of assessed value.

(d) Current average or trade-in values shall be determined using the National Automobile Dealers' Association Official Car Guide, Southeastern edition (NADA guide), or its successor publication, or a comparable guide designated by the commissioner of safety. The commissioner may determine by appropriate means the value of vehicles not included in the NADA guide.

(e) The tax is payable annually at the same time and in the same manner as registration fees are paid under Title 55, Chapter 4, Part 1.

(f) If the owner of a vehicle on which tax has been paid sells or otherwise transfers that vehicle to another during the twelve-month period after payment of the tax, the owner will be allowed a pro-rata credit against any state sales tax due on a replacement vehicle, upon filing a request for such credit with the commissioner. The county clerk may act as agent for the commissioner and receive such request at the same time application is made for registration of the replacement vehicle.

(g) The purchaser of a new or used motor vehicle is exempt from payment of the tax imposed by this section for twelve (12) months after such purchase if the appropriate sales or use tax is paid on the vehicle.

(h) A person licensed as a motor vehicle sales dealer under the provisions of Title 55, Chapter 17, may act as agent for either the county clerk or the commissioner for initial collection of the tax imposed by this section or for pro-rata refund requests.

(i) The commissioner shall prepare an annual motor vehicle personal property tax statement which shall be sent to the owner of the vehicle at the same time as

registration notices are sent. Failure to receive such notice shall not excuse timely payment of the tax.

(j) The tax imposed by this section is a tax for state purposes only and no county or municipality may levy a similar tax. This tax does not replace or supersede any registration tax or state or local tax levied on the privilege of operating motor vehicles.

(k) In assessing, collecting, and enforcing this tax, the department shall have all other powers provided for the assessment, collection, and enforcement of registration or property taxes, except as provided otherwise in this section.

(l) (1) Beginning July 1, 2002, the department shall notify, by ordinary mail, any owner of a motor vehicle, subject to the provisions of this statute, for which personal property taxes have not been paid that if full payment is not received within thirty (30) days, the commissioner shall suspend the motor vehicle registration for such vehicle.

(2) Any notification returned to the department by the post office shall not result in the notification of the department for suspension of a motor vehicle registration but if the owner fails to timely pay such taxes, the commissioner may notify the department of such failure.

(3) Such notification shall be on forms designed and provided by the department and shall list the motor vehicle owner's full name, including middle initial, the owner's address, and the year, make, model, and vehicle identification number of such motor vehicle. Upon receipt of this notification, the department shall provide notice of suspension of such motor vehicle registration to the owner at the owner's last address shown on the records of the department .

(4) Any suspension imposed shall remain in effect until the department receives notification from a county clerk that the personal property taxes have been paid in full. Upon the owner's furnishing proof of payment of such taxes

and paying a twenty dollar (\$20.00) reinstatement fee to the commissioner, the motor vehicle's or vehicles' registration shall be reinstated.

(5) In the event a motor vehicle registration is suspended for nonpayment of the personal property tax, the owner so aggrieved may appeal in accordance with the Uniform Administrative Procedures Act, compiled in Title 4, Chapter 5.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 4. For the purposes of promulgating any necessary rules or regulations, this act shall take effect upon becoming a law. For all other purposes, it shall take effect July 1, 2001, the public welfare requiring it.